

103D CONGRESS  
1ST SESSION

# H. R. 3129

To allow interstate banking through acquisitions of existing banks, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 23, 1993

Mrs. MALONEY introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

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## A BILL

To allow interstate banking through acquisitions of existing banks, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Interstate Bank Con-  
5       solidation Act of 1993”.

6       **SEC. 2. CONVERSION OF BANKS TO BRANCHES.**

7       (a) IN GENERAL.—Section 3 of the Bank Holding  
8       Company Act of 1956 (12 U.S.C. 1842) is amended by  
9       adding at the end the following new subsection:

10       “(h) INTERSTATE COMBINATIONS.—

1 “(1) IN GENERAL.—

2 “(A) COMBINATIONS AUTHORIZED.—Sub-  
3 ject to paragraphs (6) and (7), on or after June  
4 1, 1995, a bank holding company having sub-  
5 sidiary banks located in more than 1 State may  
6 combine 2 or more of such banks into a single,  
7 resulting bank by means of a merger, consolida-  
8 tion, or other transaction.

9 “(B) SURRENDER OF CHARTER AFTER  
10 COMBINATION.—On the date on which a com-  
11 bination authorized by this paragraph becomes  
12 effective, the charters of the banks (other than  
13 that of the resulting bank) that have been com-  
14 bined in accordance with subparagraph (A) into  
15 the resulting bank shall be surrendered to the  
16 regulatory authority that issued the charters.

17 “(C) EFFECT OF STATE PROHIBITION OF  
18 COMBINATIONS.—If, during the period begin-  
19 ning on June 1, 1995, and ending on the expi-  
20 ration of 3 years after the date of enactment of  
21 the Interstate Bank Consolidation Act of 1993,  
22 a combination authorized by subparagraph (A)  
23 is completed in a host State that elects to pro-  
24 hibit interstate combinations under paragraph  
25 (6), the host State may require such branch to

1 be promptly converted back into a bank as the  
2 bank existed prior to such combination.

3 “(D) NO COMBINATIONS WITHIN STATE IN  
4 CONTRAVENTION OF STATE LAW.—This para-  
5 graph shall not be construed as authorizing the  
6 merger, consolidation, or other combination of 2  
7 or more banks which are located within a State  
8 if the law of such State prohibits such combina-  
9 tion of banks located within such State.

10 “(2) APPLICABILITY.—A combination under  
11 paragraph (1) may only be carried out through a  
12 merger, consolidation, or other transaction that is  
13 undertaken—

14 “(A) by a bank holding company that is  
15 adequately capitalized; or

16 “(B) subject to all other provisions of this  
17 subsection, by a bank holding company that is  
18 critically undercapitalized if—

19 “(i) the transaction is approved as  
20 part of a capital restoration plan required  
21 under section 38 of the Federal Deposit  
22 Insurance Act;

23 “(ii) such plan contains not less than  
24 1 element in addition to the transaction;  
25 and

1           “(iii) the transaction will result in a  
2           demonstrable and material improvement in  
3           the financial condition of the bank holding  
4           company.

5           “(3) ACTIVITIES OF THE RESULTING BANK.—

6           “(A) ADDITIONAL BRANCHES.—Following  
7           any combination under paragraph (1), the re-  
8           sulting bank may establish, acquire, and oper-  
9           ate additional branches at any location where  
10          the resulting bank or a combined bank could  
11          have established or acquired and operated a  
12          branch under the applicable Federal or State  
13          law if the bank had not been a party to such  
14          combination.

15          “(B) INTRASTATE BRANCHING.—Except as  
16          expressly provided in this subsection, no provi-  
17          sion of this subsection shall be construed as  
18          amending, repealing, or superseding, either ex-  
19          pressly or by implication, any Federal or State  
20          law relating to the establishment, acquisition, or  
21          operation of intrastate branches by national or  
22          State banks.

23          “(C) CONDITIONS.—Before granting ap-  
24          proval to an application for a combination  
25          under paragraph (1), the appropriate Federal

1 banking agency shall consider each bank's rat-  
2 ing under the Community Reinvestment Act of  
3 1977 and the views of the appropriate State  
4 bank regulatory authorities regarding each  
5 bank's compliance with applicable State com-  
6 munity reinvestment laws.

7 “(D) IMPOSITION OF SHARES TAX BY  
8 HOST STATES.—In order to assure that an out-  
9 of-State bank contributes a fair share to a host  
10 State's revenues, if any branch of an out-of-  
11 State bank established pursuant to paragraph  
12 (1) or subparagraph (A) of this paragraph con-  
13 tinues in operation, a proportionate amount of  
14 the value of the shares of the out-of-State bank  
15 may be subject to any bank shares tax levied or  
16 imposed by any host State or any political sub-  
17 division of such State based upon an allocation  
18 of net income, capital or net worth, and other  
19 factors employed in computing such value pur-  
20 suant to an allocation method adopted by the  
21 host State's taxing authorities, if such method  
22 does not unconstitutionally discriminate against  
23 out-of-State banks or bank holding companies.

24 “(4) ACTIVITIES OF BRANCHES.—A State bank  
25 that establishes any branch in a host State in ac-

1 cordance with paragraph (1) or (3)(A) may not con-  
2 duct any activity at such branch that is not per-  
3 mitted for banks chartered by the host State.

4 “(5) APPLICABLE LAW.—

5 “(A) IN GENERAL.—

6 “(i) NATIONAL BANK BRANCHES.—

7 Any branch of a national bank that is es-  
8 tablished as the result of a combination in  
9 accordance with paragraph (1) or para-  
10 graph (3)(A) shall be subject to the laws of  
11 the host State with respect to intrastate  
12 branching, consumer protection, fair lend-  
13 ing, and community reinvestment as if the  
14 branch were a branch of a national bank  
15 the main office of which is in that State.

16 “(ii) STATE BANK BRANCHES.—Any

17 branch of a State bank that is established  
18 as the result of a combination in accord-  
19 ance with paragraph (1) or paragraph  
20 (3)(A) shall be subject to the laws of the  
21 host State with respect to intrastate  
22 branching, consumer protection, fair lend-  
23 ing, and community reinvestment as if the  
24 branch were a branch of a bank which is

1 chartered under the laws of such State and  
2 has offices only in such State.

3 “(B) FILING REQUIREMENT.—

4 “(i) IN GENERAL.—A host State may  
5 require any out-of-State bank that wishes  
6 to establish a branch within the host State  
7 as a result of a combination authorized by  
8 paragraph (1) to comply with filing re-  
9 quirements that—

10 “(I) are not discriminatory in na-  
11 ture; and

12 “(II) are similar in their effect to  
13 those that are imposed on an out-of-  
14 State corporation which is not en-  
15 gaged in the business of banking and  
16 seeks to engage in business in the  
17 host State.

18 “(ii) FAILURE TO COMPLY.—The host  
19 State may preclude any bank referred to in  
20 clause (i) from establishing or operating a  
21 branch within the host State as the result  
22 of a combination authorized by paragraph  
23 (1) if that bank or its branch materially  
24 fails to comply with the filing requirements  
25 established by the host State.

1           “(6) STATE ELECTION TO PROHIBIT INTER-  
2       STATE COMBINATIONS.—Paragraph (1) shall not  
3       apply to a bank which is located in a State that has  
4       enacted, during the period beginning on January 1,  
5       1990, and ending 3 years after the date of enact-  
6       ment of the Interstate Bank Consolidation Act of  
7       1993, a law that—

8           “(A) applies equally to all national banks  
9       and State banks; and

10          “(B) expressly prohibits interstate branch-  
11       ing or the interstate combinations otherwise au-  
12       thorized under paragraph (1) with respect to  
13       banks located in such State.

14          “(7) STATE ELECTION TO PERMIT INTERSTATE  
15       COMBINATIONS.—

16          “(A) COMBINATIONS PRIOR TO JUNE 1,  
17       1995.—

18          “(i) IN GENERAL.—A combination  
19       under paragraph (1) may be undertaken  
20       before June 1, 1995, if each of the States  
21       in which the banks that are to be combined  
22       into a single, resulting bank are located ei-  
23       ther has in effect on the date of enactment  
24       of this subsection or enacts prior to June  
25       1, 1995, a law expressly permitting inter-



1 state combinations by national and State  
2 banks.

3 “(ii) ADDITIONAL CONDITIONS.—Sub-  
4 ject to clause (iii), a State described in  
5 clause (i) may impose other conditions on  
6 a branch of a resulting bank located in  
7 that State if—

8 “(I) the conditions do not dis-  
9 criminate or have the effect of dis-  
10 criminating against out-of-State banks  
11 or bank holding companies; and

12 “(II) the imposition of the condi-  
13 tions is not preempted by Federal law  
14 regarding the same subject.

15 “(iii) CONDITIONS NOT APPLICABLE  
16 TO COMBINATIONS AFTER MAY 31, 1995.—  
17 No condition otherwise permitted under  
18 clause (ii) may be imposed by any State on  
19 a branch of a bank resulting from a merg-  
20 er, consolidation, or other transaction au-  
21 thorized under paragraph (1) which is con-  
22 summated after May 31, 1995.

23 “(B) COMBINATIONS AFTER JUNE 1,  
24 1993.—A State that originally elected to pro-  
25 hibit interstate combinations as described in

1 paragraph (6) may elect at any later time to  
2 permit interstate combinations authorized  
3 under paragraph (1) if such State enacts a law  
4 expressly permitting interstate combinations by  
5 all national and State banks.

6 “(8) LIMITATIONS.—No provision of paragraph  
7 (1) shall be construed as affecting the applicability  
8 of any Federal or State antitrust law that does not  
9 discriminate against, and does not have the effect of  
10 discriminating against, out-of-State banks or bank  
11 holding companies.

12 “(9) RESERVATION OF CERTAIN RIGHTS TO  
13 STATES.—No provision of this subsection shall be  
14 construed as limiting in any way the right of a State  
15 to—

16 “(A) determine the authority of State  
17 banks chartered by that State to establish and  
18 maintain branches; or

19 “(B) supervise, regulate, and examine  
20 State banks chartered by that State.

21 “(10) DEFINITIONS.—For purposes of this sub-  
22 section—

23 “(A) ADEQUATELY CAPITALIZED.—The  
24 term ‘adequately capitalized’ has the meaning

1 given to such term by section 38 of the Federal  
2 Deposit Insurance Act.

3 “(B) APPROPRIATE FEDERAL BANKING  
4 AGENCY.—The term ‘appropriate Federal bank-  
5 ing agency’ has the meaning given to such term  
6 in section 3 of the Federal Deposit Insurance  
7 Act.

8 “(C) COMBINED BANK.—The term ‘com-  
9 bined bank’ means any bank participating in a  
10 combination under paragraph (1), other than a  
11 resulting bank.

12 “(D) CRITICALLY UNDERCAPITALIZED.—  
13 The term ‘critically undercapitalized’ has the  
14 meaning given to such term in section 38 of the  
15 Federal Deposit Insurance Act.

16 “(E) HOST STATE.—The term ‘host State’  
17 means the State in which a bank establishes or  
18 maintains a branch other than—

19 “(i) in the case of a State bank, the  
20 State under the laws of which the bank is  
21 chartered; and

22 “(ii) in the case of a national bank,  
23 the State in which the bank has its main  
24 office and is engaging in the business of  
25 banking.

1           “(F) INSURED DEPOSITORY INSTITU-  
2           TION.—The term ‘insured depository institu-  
3           tion’ has the meaning given to such term in sec-  
4           tion 3 of the Federal Deposit Insurance Act.

5           “(G) OUT-OF-STATE BANK.—The term  
6           ‘out-of State bank’, when used in connection  
7           with a reference to a State, means—

8                   “(i) in the case of a State bank, a  
9                   bank that is not chartered under the laws  
10                  of such State; and

11                  “(ii) in the case of a national bank, a  
12                  bank which does not have its main office in  
13                  such State.

14           “(H) RESULTING BANK.—The term ‘re-  
15           sulting bank’ means a banking subsidiary of a  
16           bank holding company that has resulted from a  
17           transaction under paragraph (1) involving the  
18           combination of 2 or more subsidiary banks of  
19           the bank holding company located in 2 or more  
20           States.

21           “(I) STATE BANK.—The term ‘State bank’  
22           has the meaning given to such term in section  
23           3(a) of the Federal Deposit Insurance Act.

1           “(11) RULE FOR DETERMINING DOMICILE OF A  
2       BANK.—For purposes of this subsection, a bank  
3       shall be deemed to be located—

4           “(A) in the case of a State bank, in the  
5       State in which the bank is chartered; and

6           “(B) in the case of a national bank, the  
7       State in which the bank’s main office is lo-  
8       cated.”.

9       (b) TAXATION.—

10           (1) STATE FRANCHISE OR OTHER NON-  
11       PROPERTY TAXES.—The amendments made by this  
12       section shall not be construed as, in any way, affect-  
13       ing, limiting, impairing, or precluding the right of  
14       any State or political subdivision of a State to im-  
15       pose a nondiscriminatory franchise tax or other non-  
16       property tax instead of a franchise tax as provided  
17       by section 3124 of title 31, United States Code.

18           (2) STATE METHODS OF TAXATION.—No provi-  
19       sion of this section shall be construed as—

20           (A) prohibiting or restricting any State or  
21       political subdivision of a State from applying  
22       any tax or method of taxation to a State bank  
23       or a national bank or any branch of any such  
24       bank when such tax or tax method is otherwise  
25       permitted by or permissible under either the

1 Constitution of the United States or any other  
2 Federal law; or

3 (B) allowing any State or political subdivi-  
4 sion of a State to apply any tax or method of  
5 taxation to a State bank or national bank or  
6 branch thereof when such tax or tax method is  
7 otherwise prohibited or restricted by either the  
8 Constitution of the United States or any other  
9 Federal law.

10 (c) CONFORMING AMENDMENT TO THE NATIONAL  
11 BANK ACT.—Section 5155(c) of the Revised Statutes (12  
12 U.S.C. 36(c)) is amended in the first sentence by striking  
13 “A national banking association” and inserting “Except  
14 as provided in section 3(h) of the Bank Holding Company  
15 Act of 1956, a national banking association”.

16 **SEC. 3. AMENDMENTS TO FEDERAL DEPOSIT INSURANCE**  
17 **ACT AND THE ACT ENTITLED “AN ACT TO**  
18 **PROVIDE FOR THE CONSOLIDATION OF NA-**  
19 **TIONAL BANKING ASSOCIATIONS”.**

20 (a) FEDERAL DEPOSIT INSURANCE ACT AMEND-  
21 MENTS.—Section 18(d) of the Federal Deposit Insurance  
22 Act (12 U.S.C. 1828(d)) is amended—

23 (1) in the first sentence of paragraph (1), by  
24 striking “No State” and inserting “Except as pro-

1 vided in section 3(h) of the Bank Holding Company  
2 Act of 1956, no State”;

3 (2) by adding at the end the following new  
4 paragraphs:

5 “(3) COORDINATION OF EXAMINATION AUTHOR-  
6 ITY.—

7 “(A) IN GENERAL.—The State bank super-  
8 visor of a host State may examine a branch of  
9 an out-of-State State bank that resulted from a  
10 combination under section 3(h) of the Bank  
11 Holding Company Act of 1956 of such bank  
12 with a bank in the host State for the purpose  
13 of determining compliance with host State laws  
14 regarding banking, taxation, community rein-  
15 vestment, fair lending, consumer protection,  
16 and permissible activities and to ensure that the  
17 activities of the branch—

18 “(i) are conducted in a manner that is  
19 consistent with sound banking principles;  
20 and

21 “(ii) do not constitute a serious risk  
22 to the safety and sound operation of the  
23 branch.

24 “(B) ENFORCEMENT.—If the State bank  
25 supervisor of a host State determines that there

1           has been a violation of the law of the host State  
2           concerning the activities being conducted by the  
3           branch of a State bank or that such branch is  
4           being operated in a manner not consistent with  
5           sound banking principles or in an unsafe and  
6           unsound manner, the State bank supervisor  
7           may undertake such enforcement actions and  
8           proceedings as would be permitted under the  
9           law of the host State if the branch in question  
10          were a State bank chartered by such State.

11                 “(C) COOPERATIVE AGREEMENT.—The  
12           State bank supervisors of 2 or more States may  
13           enter into cooperative agreements to facilitate  
14           State regulatory supervision of State banks, in-  
15           cluding cooperative agreements relating to the  
16           coordination of examinations and joint partici-  
17           pation in examinations.

18                 “(D) FEDERAL REGULATORY AUTHOR-  
19           ITY.—

20                         “(i) INTERSTATE AGREEMENTS.—No  
21           provision of this subsection shall be con-  
22           strued as limiting in any way the authority  
23           of the appropriate Federal banking agency  
24           to examine any bank or branch of a bank



1 for which the agency is the appropriate  
2 Federal banking agency.

3 “(ii) REVIEW OF INTERSTATE AGREE-  
4 MENTS.—If the appropriate Federal bank-  
5 ing agency determines that the States have  
6 failed to reach an agreement under sub-  
7 paragraph (C), or that such an agreement  
8 fails to adequately protect the Federal De-  
9 posit Insurance Fund, the appropriate  
10 Federal banking agency shall not defer to  
11 State examinations of the out-of-State  
12 branches.

13 “(4) DEFINITIONS.—For purposes of this sub-  
14 section—

15 “(A) HOST STATE.—The term ‘host State’  
16 means the State in which a State bank estab-  
17 lishes or maintains a branch other than the  
18 State under the laws of which the bank is char-  
19 tered.

20 “(B) OUT-OF-STATE BANK.—The term  
21 ‘out-of State bank’, when used in connection  
22 with a reference to a State, means—

23 “(i) in the case of a State bank, a  
24 bank that is not chartered under the laws  
25 of such State; and

1                   “(ii) in the case of a national bank, a  
2                   bank which does not have its main office in  
3                   such State.”.

4           (b) NATIONAL BANKING ASSOCIATIONS.—The Act  
5   entitled “An Act To provide for the consolidation of na-  
6   tional banking associations” and approved November 7,  
7   1918 (12 U.S.C. 215 et seq.) is amended—

8           (1) in the 1st sentence of subsection (a) of the  
9           1st section, by inserting “, or in any State in which  
10          a bank involved in an interstate acquisition or inter-  
11          state combination authorized by section 3(h) of the  
12          Bank Holding Company Act of 1956 is located,”  
13          after “located in the same State”;

14          (2) by inserting before the period at the end of  
15          subsection (d) of the 1st section “, except that the  
16          applicability of State law to an interstate acquisition  
17          or interstate combination undertaken in accordance  
18          with section 3(h) of the Bank Holding Company Act  
19          of 1956 shall be determined in accordance with the  
20          provisions of such sections”;

21          (3) in the 1st sentence of section 2(a), by in-  
22          serting “or in any State in which a bank involved in  
23          an interstate combination authorized by section 3(h)  
24          of the Bank Holding Company Act of 1956 is lo-  
25          cated,” after “located within the same State,”;

1           (4) in the 6th sentence of section 2(d), by in-  
 2           serting before the period “, except that the applica-  
 3           bility of State law to the transaction undertaken  
 4           pursuant to section 3(h) of the Bank Holding Com-  
 5           pany Act of 1956 shall be determined in accordance  
 6           with the provisions of such section 3(h)”; and

7           (5) in paragraph (4) of section 3, by inserting  
 8           “or within any State in which a bank involved in an  
 9           interstate combination authorized by section 3(h) of  
 10          the Bank Holding Company Act of 1956 is located,”  
 11          after “within the same State,”.

12 **SEC. 4. COMMUNITY REINVESTMENT ACT EVALUATION OF**  
 13 **BANKS WITH INTERSTATE BRANCHES.**

14          (a) IN GENERAL.—Section 807 of the Community  
 15          Reinvestment Act of 1977 (12 U.S.C. 2906) is amended  
 16          by adding at the end the following subsections:

17          “(d) INSTITUTIONS WITH INTERSTATE  
 18          BRANCHES.—

19                 “(1) STATE-BY-STATE EVALUATION.—In the  
 20          case of a regulated financial institution that main-  
 21          tains domestic branches in 2 or more States, the ap-  
 22          propriate Federal financial supervisory agency shall  
 23          prepare—

24                         “(A) a written evaluation of the entire in-  
 25          stitution’s record of performance under this

1 title in accordance with the requirements of  
2 subsections (a), (b), and (c); and

3 “(B) for each State in which the institu-  
4 tion maintains 1 or more domestic branches, a  
5 separate written evaluation of the institution’s  
6 record of performance within such State under  
7 this title, in accordance with the requirements  
8 of subsections (a), (b), and (c).

9 “(2) MULTISTATE METROPOLITAN AREAS.—

10 “(A) IN GENERAL.—In the case of a regu-  
11 lated financial institution that maintains do-  
12 mestic branches in 2 or more States within a  
13 multistate metropolitan area, the appropriate  
14 Federal financial supervisory agency may pre-  
15 pare a separate written evaluation of the insti-  
16 tution’s record of performance within such met-  
17 ropolitan area under this title, in accordance  
18 with the requirements of subsections (a), (b),  
19 and (c).

20 “(B) ADJUSTMENT OF SCOPE OF EVALUA-  
21 TION.—If an appropriate Federal financial in-  
22 stitution supervisory agency prepares a written  
23 evaluation pursuant to subparagraph (A), the  
24 scope of the written evaluation required under  
25 paragraph (1)(B) shall be adjusted accordingly.

1           “(3) CONTENT OF STATE LEVEL EVALUA-  
2           TION.—A written evaluation prepared pursuant to  
3           paragraph (1)(B) of this subsection shall—

4                   “(A) present the information required by  
5                   subparagraphs (A) and (B) of subsection (b)(1)  
6                   of this section separately for each metropolitan  
7                   area in which the institution maintains 1 or  
8                   more domestic branch offices and separately for  
9                   the remainder of the nonmetropolitan area of  
10                  the State if the institution maintains 1 or more  
11                  domestic branch offices in such area; and

12                   “(B) describe how the Federal financial  
13                   supervisory agency has performed the examina-  
14                   tion of the institution, including a list of the in-  
15                   dividual branches examined.

16           “(4) DEFINITIONS.—For purposes of this sec-  
17           tion:

18                   “(A) DOMESTIC BRANCH.—The term ‘do-  
19                   mestic branch’ means any branch office or  
20                   other facility of a regulated financial institution  
21                   which accepts deposits in any State.

22                   “(B) METROPOLITAN AREA.—The term  
23                   ‘metropolitan area’ means—

24                           “(i) any primary metropolitan statis-  
25                           tical area, metropolitan statistical area, or

1 consolidated metropolitan statistical area  
2 as defined by the Director of the Office of  
3 Management and Budget, with a popu-  
4 lation of 250,000 or more; and

5 “(ii) any other area identified by the  
6 appropriate Federal financial supervisory  
7 agency.

8 “(C) STATE.—The term ‘State’ has the  
9 meaning given to such term in section 3(a) of  
10 the Federal Deposit Insurance Act.”.

11 (b) SEPARATE PRESENTATION.—Section 807(b) of  
12 the Community Reinvestment Act of 1977 (12 U.S.C.  
13 2906(b)(1)) is amended by adding at the end the following  
14 new paragraph:

15 “(3) BREAKDOWN BY METROPOLITAN AREAS.—  
16 The information required to be included in the pub-  
17 lic section of the written evaluation pursuant to sub-  
18 paragraphs (A) and (B) of paragraph (1) shall be  
19 presented separately for each metropolitan area in  
20 which an insured depository institution maintains 1  
21 or more domestic branch offices.”.

22 **SEC. 5. STATE TAX COMPLIANCE.**

23 Section 5240 of the Revised Statutes is amended by  
24 inserting after subparagraph (B) (12 U.S.C. 484) follow-

1 ing the 5th undesignated paragraph the following new  
2 subparagraph:

3           “(C) Notwithstanding subparagraph (A), law-  
4 fully authorized auditors, examiners, and other rep-  
5 resentatives acting on behalf of any State agency  
6 charged with the administration and collection of  
7 taxes imposed by such State or any political subdivi-  
8 sion of such State, may, to the extent necessary, re-  
9 view the books, records, and accounts of a Federal  
10 depository institution (as defined in section 3(c)(4)  
11 of the Federal Deposit Insurance Act) which has its  
12 main office or any branch located in that State to  
13 determine any State or local tax liability and to en-  
14 sure compliance with the tax laws of the State or po-  
15 litical subdivision.”.

16 **SEC. 6. USE OF NAMES IN HOST STATE BY BANK HOLDING**  
17 **COMPANIES.**

18       Section 3 of the Bank Holding Company Act of 1956  
19 (12 U.S.C. 1842) is amended by inserting after subsection  
20 (h) (as added by section 2 of this Act) the following new  
21 subsection:

22       “(i) USE OF NAMES IN HOST STATE.—

23           “(1) IN GENERAL.—A bank holding company  
24 that seeks, directly or indirectly, to consolidate  
25 banks under subsection (h) shall provide the Board

1 with the name or names under which the branches  
2 of the resulting bank will operate in the host State  
3 of each such branch.

4 “(2) PROHIBITION AGAINST SAME OR SIMILAR  
5 NAMES.—A bank holding company may not operate  
6 a branch of a bank in a host State if the proposed  
7 name of the bank is—

8 “(A) identical or deceptively similar to a  
9 name being used by an existing bank or bank  
10 holding company in the host State; or

11 “(B) is likely to cause the public to be con-  
12 fused, deceived, or mistaken, due to a similarity  
13 or identity of names.

14 “(3) SUBSEQUENT USE OF SAME OR SIMILAR  
15 NAME.—

16 “(A) IN GENERAL.—Upon application by  
17 any person adversely affected, the Board shall  
18 revoke permission of a bank holding company to  
19 operate a branch in a host State if—

20 “(i) the bank holding company uses or  
21 changes the name of, or uses an additional  
22 name for, any branch of any bank subsidi-  
23 ary of such company in the host State; and



1           “(ii) the new or additional name is de-  
2           scribed in subparagraph (A) or (B) of  
3           paragraph (2).

4           “(B) OTHER REMEDIES UNAFFECTED.—  
5           Subparagraph (A) shall not be construed as  
6           precluding any adversely affected person from  
7           pursuing any available legal or administrative  
8           remedies.

9           “(4) HOST STATE DEFINED.—For purposes of  
10          this subsection, the term ‘host State’ means any  
11          State in which a bank holding company operates a  
12          branch of a bank which resulted from a consolida-  
13          tion under subsection (h) other than the State in  
14          which the operations of the bank holding company’s  
15          banking subsidiaries were principally conducted on  
16          the later of July 1, 1996, or the date on which the  
17          company became a bank holding company.”.

○

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